



204
07/28

THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: July 25, 2008

IBA Report Number: 08-86

City Council Docket Date: July 28, 2008

Item Numbers: 203, 204, and 206

Preliminary Statements of Work

OVERVIEW

On July 28, 2008, the City Council will be requested to review and approve the Preliminary Statements of Work (SOW) for Dead Animal Removal Services (Item 203), Container Services (Item 204), and Street Sweeping (Item 206).

A Preliminary Statement of Work includes service specifications and serves as the foundation of the Statement of Work that will be developed as part of the Request for Proposal.

The following provides a basic overview of the current process:

- A pre-competition assessment is performed upon completion of a function's business process reengineering (BPR) study. The pre-competition assessment makes a determination on whether a function is appropriate and eligible for competition. Criteria utilized to make this determination include evaluating whether the function is inherently governmental, legal limitations, risk analysis, availability of alternatives, and efficiency/economic gains.
- If a function has been deemed appropriate and eligible for competition, a statement of work and subsequently request for proposals are developed.

The current process does not allow Council input until the final determination of whether to accept or reject the Mayor's recommendation on whom will provide the service. In the past months, concerns have been raised on the lack of involvement the City Council is afforded in the current process.

As mandated by the City Charter, City Council is responsible for ensuring that service quality is maintained. To accomplish this, the IBA has proposed (Item 151 on the July 28, 2008 docket) to ensure Council's policy role to maintain service quality by requiring the Preliminary Statement of Work be reviewed and approved by the City Council. The

Office of Independent Budget Analyst

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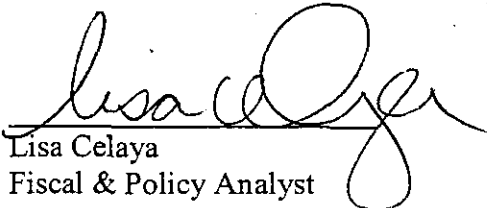



Preliminary SOW includes service specifications to outline the level of service that will need to be performed, whether via city employees or an outside vendor. This information reflects the current level of service that is being performed by city forces given their level of funding. Also, the Preliminary SOW will form the foundation of the Statement of Work that will be developed and included in the Request for Proposals. Service levels can not change between the Preliminary and Final SOW.

Given that the preliminary SOW identifies service levels based on current funding levels, as reflected in the adopted budget, this Council review is not an opportunity to increase service levels if that were to be desired. Rather, this step is to ensure that existing service levels are well documented and approved by the legislative body and that service levels provided through competitive procurement will not result in reductions.

It should be noted that the request to approve the Preliminary Statements of Work coincides with the request to amend the managed competition ordinance. Although the regulation will not be effective until its second hearing in September, the Mayor's Office has followed the intent of the new requirement and is asking Council for their approval. The existing process does not require the Mayor's Office to seek Council approval of the Preliminary Statements of Work. The Chief Operating Officer (COO) has committed to following all of the recommended changes to the managed competition process for the three Preliminary SOWs.

Based upon our review of the Preliminary Statements of Work for Dead Animal Removal, Container Services and Street Sweeping, as well as the COO's commitment to apply the proposed ordinance changes to all three processes, the IBA recommends City Council approval.


Lisa Celaya
Fiscal & Policy Analyst


Approved: Andrea Tevlin
Independent Budget Analyst



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: July 18, 2008

REPORT NO: 08-113

ATTENTION: Honorable Council President and Councilmembers
Docket of July 28, 2008

SUBJECT: Preliminary Statement of Work for Container Services

REFERENCE:

REQUESTED ACTION:

Approve the Preliminary Statement of Work for Container Services.

STAFF RECOMMENDATION:

Accept the Preliminary Statement of Work for Container Services to serve as the foundation of the Container Management Statement of Work.

SUMMARY:

The City of San Diego is committed to delivering quality services to taxpayers, residents, and visitors in the most economical and efficient means possible. This commitment can also be expressed as delivering services through "competitive government," defined as government with processes in place to validate that service quality and costs are comparable to those offered by any legitimate available provider.

Managed competition provides a structured, transparent process that allows an open and fair comparison of public sector employees and independent contractors in their ability to deliver services to our citizens. This strategy recognizes the high quality and potential of public sector employees and seeks to tap their creativity, experience and resourcefulness by giving them the opportunity to structure organizations and processes in ways similar to best practices in competitive businesses.

A Preliminary Statement of Work is the first step in the managed competition procurement process. The Preliminary Statement of Work documents service specifications and is presented to the City Council for consideration and public comment to assure all parties that no degradation of service levels will occur as a result of the competition. Once approved, the Preliminary Statement of Work forms the foundation for the complete Statement of Work which will be included in the solicitation. The attachment provides the Preliminary Statement of Work for the Container Services function for consideration by the City Council.

FISCAL CONSIDERATIONS:

None.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

None.

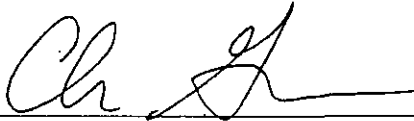
COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The managed competition program was initiated with the citizens of the City voting to approve Proposition C in November 2006. Staff has spent considerable time working with the labor unions (AFSCME Local 127 and MEA) to receive input on program plans. In addition, we have established a Labor Advisory Committee to facilitate continued work with the unions.

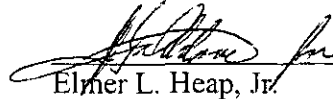
With the passage of Proposition C and the amendment/addition of subsection (c) to City Charter section 117, the Managed Competition Independent Review Board was established to advise the Mayor on whether the proposal of City employees or that of an independent contractor will provide services more economically and efficiently while maintaining service quality and protecting the public interest.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

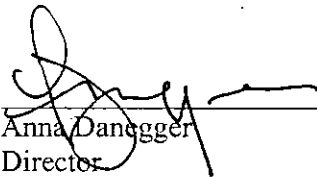
Given that the competition has yet to take place, it is premature to speculate on precise impacts. However, key stakeholders in this process are City employees, the City's recognized labor unions and the residents and visitors of the City of San Diego.



Chris Gonaver
Director
Environmental Services Department



Elmer L. Heap, Jr.
Deputy Chief Operating Officer
Community Services



Anna Danegger
Director
Business Office



Jay Goldstone
Chief Operating Officer

**Preliminary Statement of Work
Container Services
July 15, 2008**

Background

The City of San Diego (City) utilizes automated containers for residential and small business refuse, recyclable, and a portion of yard waste collection services. The container services program provides, delivers, repairs and maintains City-owned automated containers used for residential collection services.

Containers used by the City of San Diego are colored differently to indicate purpose: black for refuse, blue for recyclables, and green for yard waste, and are available in three sizes: 96, 64 and 32 gallon in each color. An inventory of replacement containers is maintained at the ESD Operating Station (ESOS), 8353 Miramar Place, San Diego. Additional containers are ordered as the on-site inventory is depleted to optimize use of limited storage space for automated containers. The deployed inventory of containers varies in age with the oldest units in service for 17 years. More than 50% of the deployed inventory is beyond warranty (10+ years old).

In order to request a new or replacement automated container, residents contact the containers services program via the ESD customer service call-center (a separate function). Upon receipt of payment of the required fee (if applicable), the container is repaired or a new container is delivered.

The City of San Diego intends to acquire the services of a provider (City employees or an outside contractor) to provide refuse, recycling, and yard waste container management, delivery (when ordered by the customer) and inventory control services with City responsibility for container provision. The service provider will be responsible for:

- Providing, for a City-established fee, new and/or replacement containers to eligible residents on an as-requested basis, either at the container storage facility or through delivery. The responsibilities associated with this may include: assembling containers; loading/unloading containers as required; retrieving damaged or replacing undamaged (e.g., replaced for a different size) containers, lids, and wheels; calculating replacement fees for containers; collecting replacement fees; and depositing collected fees with the City Treasurer.
- Repairing, returning, or recycling damaged units in accordance with City standards of containers' useful life. Returns and/or recycling will be documented in accordance with City standards.
- Managing the City's inventory of containers, including maintaining inventory records and container storage areas.
- Coordinating "roll outs" to distribute containers upon collection program expansions or distribution of containers to new housing developments.
- Operating a service desk to provide residents opting to not use the container delivery service a walk-up option for exchanging containers on Monday – Friday from 8am – 4pm.

The service provider will be responsible for updating the City's customer service database. The service provider may use existing City yard facilities at the ESOS.

Workload Specifications

The anticipated workload specifications, based on FY2007 data, for this function include:

Refuse	
▪ Customers	304,000
▪ Containers	380,000
Recycling	
▪ Customers	254,000
▪ Containers	280,300
Yard waste	
▪ Customers	190,000
▪ Containers	12,100
New containers provided	
▪ As a result of new service provision	3,128
▪ To replace stolen container	2,291
▪ As exchanges	2,102
Containers repaired or replaced due to age/wear-and-tear	
▪ Repair or replacement	14,227
▪ Other (damaged during collection, fire replacement, etc)	1,556

Note: The population of recycling and yard waste containers is expected to grow as the programs expand over the next five years. Inventory numbers are maintained in the EPACS system.

Technical Delivery Standards

The City of San Diego expects the service provider (City employees or outside contractor) will perform these services while maintaining qualifications, certifications and licenses as currently required by City employees.

Performance Standards

The City of San Diego expects the service provider (City employees or outside contractor) to maintain the following performance standards:

- Respond to customer inquiries by the next business day.
- Collect fees in accordance with the City's internal controls standards.
- Document service orders and service activities in accordance with established policies and guidelines.
- Deliver containers within two business days following regularly scheduled solid waste, once payment is received.

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REQUEST FOR COUNCIL ACTION

CITY OF SAN DIEGO

1. CERTIFICATE NUMBER
(FOR AUDITOR'S USE ONLY)204
07/28TO:
CITY ATTORNEY2. FROM (ORIGINATING DEPARTMENT):
ENVIRONMENTAL SERVICES DEPARTMENT3. DATE:
July 8, 2008

4. SUBJECT:

Approve the Preliminary Statement of Work for Container Services

5. PRIMARY CONTACT (NAME, PHONE, & MAIL STA.)

Chris Gonaver, 858/573-1212, MS 1102A

6. SECONDARY CONTACT (NAME, PHONE, & MAIL STA.)

Anna Danegger, 619/236-6107, MS 9A

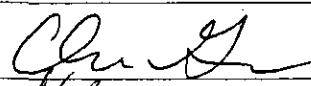
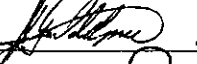

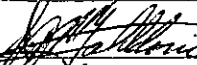
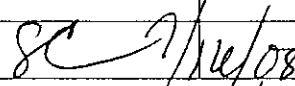

7. CHECK BOX IF REPORT TO COUNCIL IS ATTACHED

☒

8. COMPLETE FOR ACCOUNTING PURPOSES

FUND				9. ADDITIONAL INFORMATION /
DEPT.				
ORGANIZATION				
OBJECT ACCOUNT				
JOB ORDER				
C.I.P. NUMBER				
AMOUNT				

10. ROUTING AND APPROVALS

ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED	ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
1	ORIGINATING DEPRATMENT		7/8/08	6			
2	DCOO		7/8/08	7			
3	LIAISON OFFICE		7/9/08	8			
4	COO		7/9/08	9			7/16/08
5	CITY ATTORNEY		7/18/08		ms	<input type="checkbox"/> REFER TO: <u>adoption</u>	COUNCIL DATE: <u>7/28/08</u>

11. PREPARATION OF: ☒ RESOLUTIONS ☐ ORDINANCE(S) ☐ AGREEMENT(S) ☐ DEED(S)

Approve Preliminary Statement of Work for Container Services.

11A. STAFF RECOMMENDATIONS: Adopt the resolution.

12. SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION.)

COUNCIL DISTRICT(S): ALL.

COMMUNITY AREA(S): ALL.

ENVIRONMENTAL IMPACT: This activity is not a "project" and is therefore not subject to CEQA per CEQA Guidelines Section 15060(c)(3)

HOUSING IMPACT: NONE.

OTHER ISSUES: NONE.

CITY CLERK INSTRUCTIONS: PLEASE FORWARD A COPY OF THE RESOLUTION TO CHRIS GONAVAR, MS 1102A, AND ANNA DANEGGER, MS 9A.

RESOLUTION NUMBER R-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE CITY OF SAN DIEGO APPROVING
THE PRELIMINARY STATEMENT OF WORK FOR CONTAINER
SERVICES PROVIDED BY THE ENVIRONMENTAL SERVICES
DEPARTMENT.

WHEREAS, in connection with the managed competition program, a Preliminary
Statement of Work has been prepared for Container Services provided by the Environmental
Services Department; and

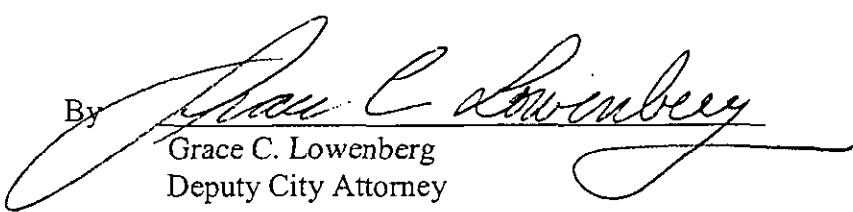
WHEREAS, the Preliminary Statement of Work is intended to document current service
levels and specifications and to form the foundation for the comprehensive Statement of Work
for Container Services to be included in a future solicitation; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that the Preliminary
Statement of Work for Container Services, dated July 15, 2008, as described in detail in Report
to the City Council No. _____ and on file in the office of the City Clerk, is hereby approved.

BE IT FURTHER RESOLVED, that the above activity is not a project and therefore is
not subject to the California Environment Quality Act pursuant to CEQA Guidelines section
15060(c)(3).

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By



Grace C. Lowenberg
Deputy City Attorney

GCL:mb
07/18/08
Aud.Cert:N/A
Or.Dept:ESD
R-2009-96

I hereby certify that the foregoing Resolution was passed by the Council of the City of Diego,
at its meeting of _____.

ELIZABETH S. MALAND, City Clerk

By _____
Deputy City Clerk

Approved: _____
(date)

JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor